

Missouri Department of Economic Development

FY04 – 06 Strategic Plan



Vision

To make Missouri the best place to live, work, vacation, and conduct business

Mission

We will achieve our vision through stimulating and supporting economic security, opportunity, growth, and a high quality of life in Missouri communities

Values

Accountability -- we will embody the outcomes desired by our organization and its customers

Measurement -- we will measure our performance on outcomes and report our progress

Innovation -- we will develop innovative approaches, programs and products to better achieve the desired outcomes

Customer satisfaction -- we will proactively solicit end user expectations so that we design products that achieve total customer satisfaction

Empowerment -- we will promote a climate that values diversity in the workforce, gives employees the ability to increase customer satisfaction and that provides universal access to products

Missouri is Developing a 21st Century Economy

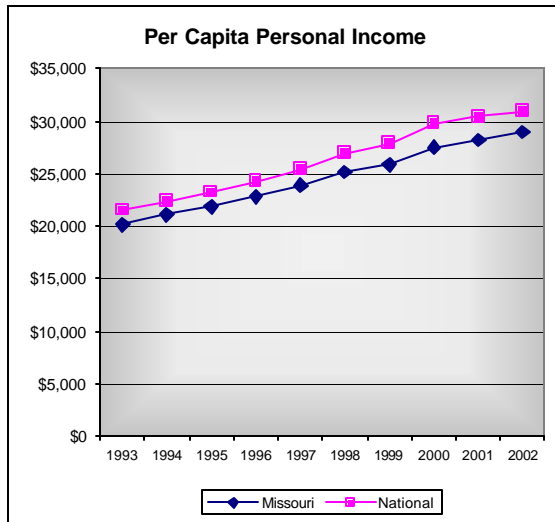
Through Governor Holden's Managing for Results initiative, Missouri state government is focused on improving performance on a key set of measures that are critical to the success of the State. The Department of Economic Development contributes to this initiative through alignment of its efforts with the Managing for Results area of "Missouri is Developing a 21st Century Economy" and its associated "desired results", i.e., *Increased Per Capita Income* and *Decreased Rate of Unemployment* and "success predictors" as shown in the following table.

Desired Results	Increased Per Capita Income Decreased Rate of Unemployment				
	Community	Business	Workers	Consumer Protection	
Success Predictors	1. Economic health of the community	2. Thriving businesses	3. High wage jobs	4. Safe and sound financial institutions	5. Competent and honest licensed professionals*
Department Objective Measures	a. Increased number of new and improved infrastructure systems**	a. Increased number of dollars of investment in Missouri by firms**	a. Increased number of high wage jobs created in Missouri by firms**	a. Decreased number of problem financial institutions**	a. Decreased number of incompetent, negligent, fraudulent, dishonest services by licensed professionals**
	b. Increased number of new and rehabbed housing units**	b. Increased number of dollars of sales by Missouri businesses**	b. Increased number of people who get a job (enter employment)**		
	c. Increased number of low income and homeless Missourians whose housing needs are met**				
	d. Increased number of new and renovated facilities**				
	e. Increased tax revenues from Tourism SIC/NAIC sales**				
	f. Increased amount of leverage**				
	g. Continued electric price stability for utility customer**				
	h. Increased number of volunteer hours**				

*added by the Department of Economic Development

**through the use of Department of Economic Development services

Increased Level of Per Capita Income



What is Per Capita Income?

Per capita income is total personal income per person.

What is the Importance of Per Capita Income?

Per capita income is an indicator of wealth in a region.

What are the trends?

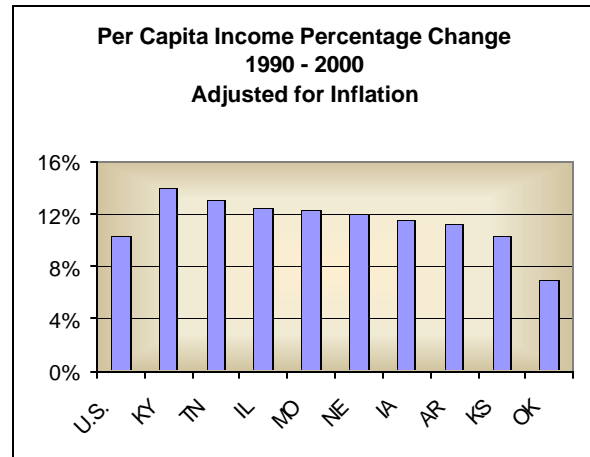
Per capita income in Missouri has grown every year during the past decade. From 1990-2000, per capita income grew by 53.3% in Missouri, higher than the U.S. growth rate of 50.6%

How Does Missouri Compare?

Missouri ranks 27th among the states (Connecticut is first, Mississippi is 50). Of Missouri's neighboring states, Missouri ranks behind only Illinois, Kansas, and Nebraska.

2002 Per Capita Personal Income Source: Bureau of Economic Analysis

U.S.	\$30,941
Illinois	\$33,404
Nebraska	\$29,771
Kansas	\$29,141
Missouri	\$28,936
Iowa	\$28,280
Tennessee	\$27,671
Kentucky	\$25,579
Oklahoma	\$25,575
Arkansas	\$23,512



What is Effective in Increasing Per Capita Income?

Clearly salaries and wages are the largest driver of per capita income. If more jobs are available at high-paying wages, per capita income will grow faster. At the same time, the workforce must have the necessary skills and training so that these high-paying jobs can be readily filled.

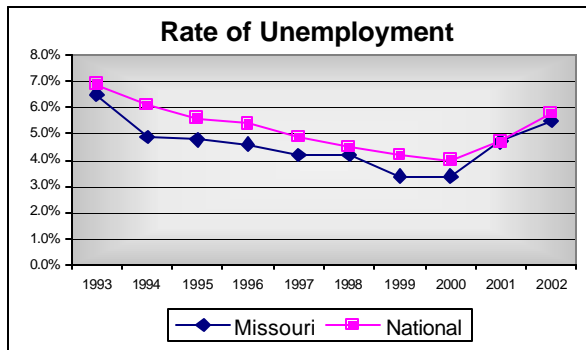
What are the Issues?

As the economy continues its slow recovery, growth in the wage component of per capita income will continue to falter, particularly as high-paying jobs in the manufacturing sector remain scarce. Per capita income in Missouri will likely continue to grow at a slow rate, but the transfer payments component should be closely monitored.

References

- Bureau of Labor and Statistics, United States Department of Labor www.bls.gov
- Missouri Economic Research and Information Center, Missouri Department of Economic Development www.MissouriEconomy.org

Decreased Rate of Unemployment



What is Rate of Unemployment

The unemployment rate represents the number of unemployed as a percentage of the labor force. To be considered unemployed, a person must be available for work **and** making specific efforts to secure employment.

What is the Importance of the Rate of Unemployment?

The unemployment rate is a clear indicator of the number of people working in a region, and is thus an indicator of the economic health of a region. Economists consider an unemployment rate between 4-5% as full employment.

What are the trends?

- ☐ National and global economic conditions influence the state's unemployment rate.
- ☐ After the recession of the early 1990's, Missouri enjoyed several consecutive years of declining unemployment. However, the recent recession has caused the unemployment rate to spike upward in the state.

How Does Missouri Compare?

- ☐ The unemployment rate in Missouri closely follows patterns in the unemployment rate at the national level, although Missouri's rate is almost always below that of the nation.
- ☐ In comparison to contiguous states, Missouri ranks sixth highest in the unemployment rate of the eight contiguous states.

2002 Rate of Unemployment Comparison (Seasonally Adjusted)

Nebraska	3.6%
Iowa	4.0%
Oklahoma	4.5%
Kansas	5.1%
Tennessee	5.1%
Arkansas	5.4%
Missouri	5.5%
Kentucky	5.6%
Illinois	6.5%

What is Effective in Decreasing the Rate of Unemployment?

- ☐ Analysis has not yet been completed.

What are the Issues?

- ☐ While growth in unemployment has finally slowed in Missouri, it is important to note that much of the recovery has been made in the services sector of the economy. Many of the often high-pay, high-skill manufacturing jobs that have been lost over the past year have yet to be recovered.

References:

- ☐ Bureau of Labor Statistics, United States Department of Labor www.bls.gov
- ☐ Missouri Economic Research and Information Center, Missouri Department of Economic Development www.MissouriEconomy.org

Economic Health of the Community

Although there are no national standards by which healthy/thriving/successful communities may be measured, the areas in which communities must be adequate are:

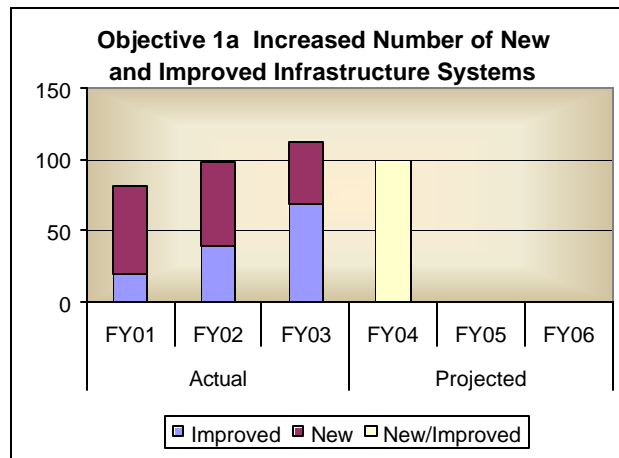
- ❑ Physical Infrastructure e.g., water, waste water, streets, bridges, sidewalks, drainage
- ❑ Housing – private ownership, rental, housing needs met
- ❑ Community services – community facilities and facilities and services to meet the needs of the community
- ❑ Financial resources – tax base, leverage, etc
- ❑ Utilities – electric, gas, telecommunications
- ❑ Citizenship – volunteer hours

The Department contributes to building self-sustaining communities through its resources and programs designed to impact the critical areas of physical infrastructure, housing, community services, financial resources, utilities, and citizenship.

Key Strategies

- ❑ Broaden the appreciation and availability of the arts in Missouri by providing assistance to local communities for programs meeting the interests and needs of local audiences
- ❑ Promote Missouri as a travel destination through tourism marketing
- ❑ Provide assistance to communities to improve the physical assets of communities, including housing, public/non-profit/for profit buildings, and physical infrastructure
- ❑ Promote local involvement in community development and improvement projects through assistance to communities to increase their ability to leverage funds, increase volunteerism, provide educational opportunities and support local programs that help to meet the needs of those living and working in the community
- ❑ Maintain affordable, reliable, and safe utilities through timely review and resolution of rate cases, effective interventions on behalf of utility customers, and efficient regulatory procedures
- ❑ Actively represent the interests of utility customers before the Public Service Commission and in the courts

Physical Infrastructure



*FY05-06 projections are not available

What are New and Improved Infrastructure Systems?

This is a measure of those public infrastructure systems that have been newly created or improved through assistance from the Department. Examples of infrastructure systems are sewer systems, water systems, streets, and drainage systems. These are actual numbers of new and improved infrastructure systems counted in the quarter that the infrastructure system became a reality, e.g., sewer system working.

What is the Importance of New and Improved Infrastructure Systems?

Public funding support for infrastructure projects allows for the planned growth of a community. The primary focus areas for department support include projects that impact public health/safety, environmental issues and economic development.

What are the trends?

- ❑ Trend analysis will be done when sufficient historical data has been collected.
- ❑ There has been an increase in requests for funding that cover a larger geographic area

instead of an individual community, thus addressing regional solutions.

- ❑ The U.S. Department of Housing and Urban Development, the federal agency that provides funding for the Community Development Block Grant program, indicates that the primary categories for funding assistance nationally involve water and sewer projects. Based on the number of approved applications, the Missouri Community Development Block Grant program follows the national trend.

How Does Missouri Compare?

- ❑ There is no national comparative data available. The U.S. Department of Housing and Urban Development is currently working on federal benchmarks for the Community Development Block Grant Program.

What is Effective in Increasing the Number of New and Improved Infrastructure systems?

- ❑ Community Development Block Grant Program
- ❑ Partnerships with other agencies funding similar projects help to use resources most efficiently and effectively. For example, the Missouri Water and Waste Water Review Team provides technical assistance, grant review, and joint funding of water and wastewater projects. This team includes the Department of Natural Resources, U.S. Department of Agriculture Rural Development, and the Community Development Block Grant Program.

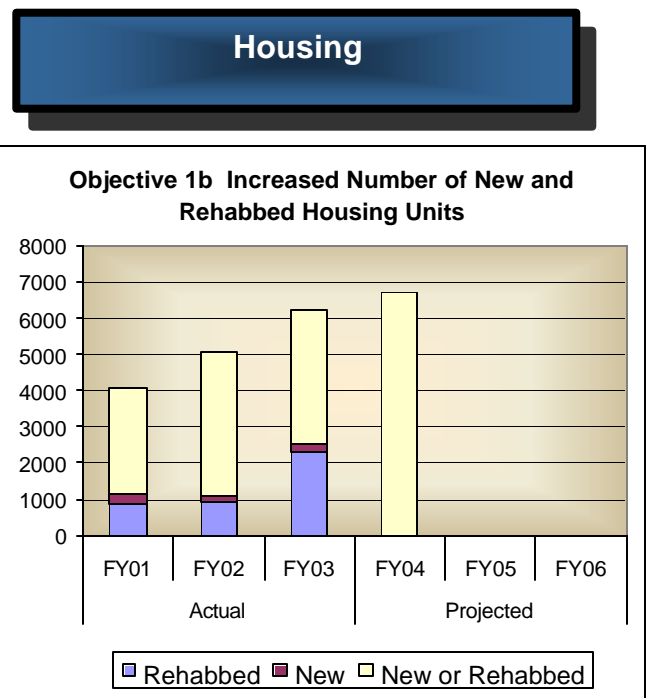
What are the Issues?

- ❑ The unusual number of tornados and severity of the storms that Missouri experienced during the 2003 spring season resulted in an estimated \$464 million (as of May 2003) in damages to homes, businesses, and property. Significant program resources have been directed to assist communities to rebuild and recover from the disaster. The use of significant resources for disaster recovery will impact the resources that are available to other communities for non-disaster improvement projects.
- ❑ State budget reductions have reduced the ability of the Department of Natural Resources to participate at past funding levels on joint water/waste water projects.
- ❑ The U.S. Department of Housing and Urban Development is developing national program

procedures for the timely expenditure of Community Development Block Grant funds. These procedures may impact the Missouri program by shortening the timeframes for expenditures, possibly reducing flexibility and negatively impacting funding.

References

No additional references cited



*FY05-06 projections are not available

What are New and Rehabbed Housing Units?

This is a measure of housing units being constructed and existing housing units that are being renovated through assistance from the Department. These are actual numbers of new and renovated housing units counted in the fiscal year in which they will be completed.

What is the Importance of New and Rehabbed Housing Units?

Housing is a key component that impacts the stability and growth of a community's tax base. The availability of both affordable and market rate housing is directly related to the potential economic development success of a community. If a community has sufficient affordable housing to support the workforce of a major employer, new employers are more likely to locate to a community and existing employers are more likely to remain in a community.

Market rate housing is also important because it provides a variety of choice within a community that will be needed in order to attract the workforce for Missouri's targeted growth industries. In addition, programs that support market rate housing help to stabilize neighborhoods while providing an opportunity for the individual property owner to improve his/her net worth.

What are the Trends?

- ❑ Trend analysis will be completed when sufficient historical data has been collected.
- ❑ There is a tremendous need for quality, safe, affordable housing in Missouri. According to 2000 Census data, there were 98,246 renter households that paid more than 50% of their income for rent alone. In 1990, there were 95,451 households paying more than 50% of their income for rent. Every year, many units of affordable housing in Missouri are abandoned, demolished or converted to market rate housing.
- ❑ The trends in market rate housing include:
 1. The conversion of older underused buildings into mixed use developments that includes housing
 2. Reinvestment into distressed areas that stabilized and the reversal of declining property values through housing in-fill and rehabilitation projects
 3. Revitalization of historic homes

How Does Missouri Compare?

- ❑ There are no nationally recognized standards for affordable housing development. However, based upon the 2000 U.S. Census, Missouri has a higher percentage of residents who own their homes than the national average (Missouri – 70.3%; National – 67.5%). Also, Missouri has a lower percentage of people who rent or own their home that are considered “financially burdened” than the national average. (Missouri – 18.4%; National – 24.0%)

What is Effective in Increasing the Number of New and Rehabbed Housing Units?

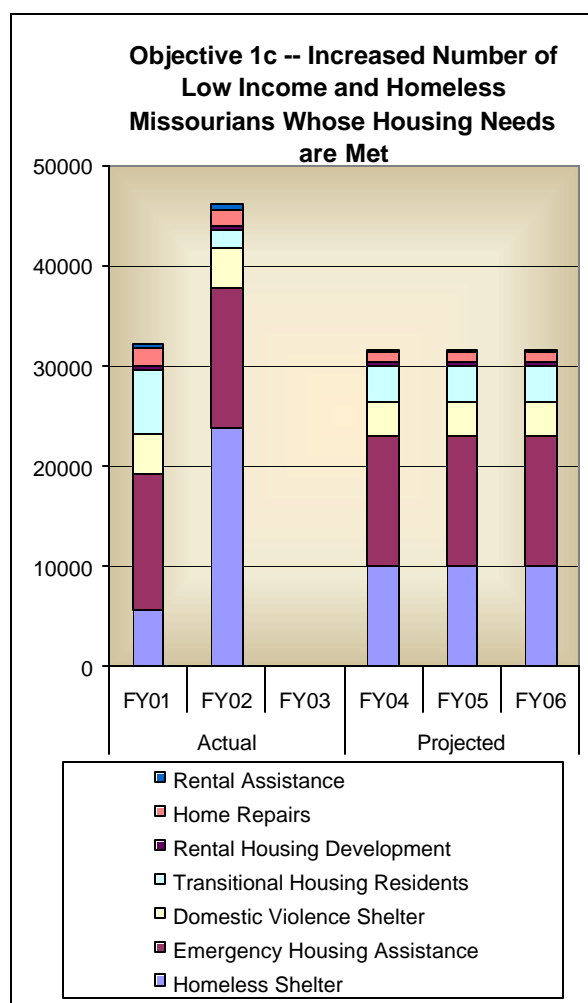
- ❑ Community Bank Tax Credit Program
- ❑ Community Development Block Grant
- ❑ Historic Preservation Tax Credit
- ❑ Missouri Low Income Housing Tax Credit
- ❑ Neighborhood Preservation Program

What are the Issues?

- ❑ Affordability is the key. According to the U.S. Census Bureau, a family is rent burdened if they pay more than 30% of their income for rent. If a family pays more than 30% of their income for rent, obviously this leaves very little for other basic necessities of life, such as food, clothing, health care, education, and transportation.
- ❑ State budget reductions may impact the level of available funding for housing programs used for redevelopment projects. This could delay or stop some projects that rely on state tax incentives to leverage private investment dollars. This may negatively impact private investment into this segment of the state and local economy.

References

1999 Census
2000 Census



*FY03 actual numbers not yet available

Who are Low Income and Homeless Missourians Whose Housing Needs are Met?

The Missouri Housing Trust Fund statute requires that all of the persons assisted with the Missouri Housing Trust Fund earn less than 50% of the median family income. Half of the funds must assist persons who earn less than 25% of the median family income. Assisting the homeless is one of the eligible activities of the Missouri Housing Trust Fund.

What is the Importance of the Number of Low Income and Homeless Missourians Whose Housing Needs are Met?

A home is an important basic human need. A person or family cannot gain access to an education, a job or many other necessities of life without a permanent home. The Missouri Housing Trust Fund assists thousands of people every year by preventing them from becoming homeless, sheltering the homeless and helping people provide opportunities for the homeless to move into permanent housing.

What are the Trends?

- ☐ The amount of Missouri Housing Trust funds available for assisting low income and homeless Missourians fluctuates based on the amount of other funds (public and private) leveraged and on the strength of the housing market. (The Trust Fund receives a \$3 recording fee from each mortgage document processed.)
- ☐ The cost of assisting an individual varies according to the type of assistance provided. For example, permanent housing is the most effective type of housing assistance. However, it is also the most expensive.

How Does Missouri Compare?

There are no nationally recognized standards. The eligible activities and outcomes desired by other states that administer housing trust funds vary, making comparison difficult.

What is Effective in Increasing the Number of Low Income and Homeless Missourians Whose Housing Needs Are Met?

- ☐ Emergency housing assistance and developing new or rehabilitated permanent housing is most effective in preventing homelessness.
- ☐ Transitional housing is most effective in helping persons move from homelessness to permanent housing.

- ☐ Homeless shelters and domestic violence shelters are most effective for providing temporary assistance.
- ☐ Missouri Housing Trust Fund
- ☐ Neighborhood Assistance Program
- ☐ Family Development Account Program
- ☐ Community Development Block Grant Program
- ☐ Youth Opportunities Program

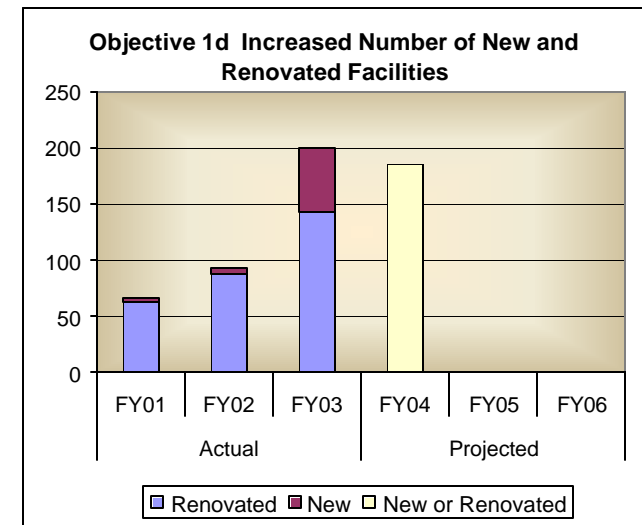
What are the issues?

A 2001 study of the homeless in Missouri finds there is an average of 16,425 homeless people living in shelters on any given day in Missouri. This represents an increase of over 42% over the average number of homeless persons reported in 1998.

References

2001 MASW Census of Shelter Providers
1998 MASW Census of Shelter Providers

Community Services



*FY05-06 projections are not available

What are New and Renovated Facilities?

This is a measure of those newly created facilities and existing facilities in the public, non-profit, and for-profit sectors that have been improved or rehabbed through assistance from the Department. These are actual numbers of new and renovated facilities counted in the

quarter that the facility became a reality with its doors open to the public.

What is the Importance of New and Renovated Facilities?

Renovated Facilities

- ☐ Puts underutilized facilities back into productive use
- ☐ Mixed use facilities can provide for a number of community/neighborhood needs (commercial/office/retail/housing)
- ☐ More cost effective from a community infrastructure standpoint because the service is already in place
- ☐ The for-profit sector increases the tax base of the community.

New Facilities

- ☐ Provides a facility in the community that fulfills a need that is currently not being addressed (Senior Citizen Center, YMCA, Fire Station, etc.)
- ☐ In the for-profit sector, it increases the communities' tax base.

What are the Trends?

- ☐ Many projects with communities (public sector) are renovations of existing buildings, bringing those buildings into ADA compliance.
- ☐ The non-profit sector projects have been negatively impacted by increased difficulty in getting contributions from businesses and individuals due to the slowdown in the economy and the resulting decrease in business and individual taxable income.
- ☐ In the for-profit sector:
 - Projects that have sellable tax credits provide a means for the developer of a project to raise additional equity, therefore, more and larger projects are being done
 - Interest rates are low, allowing more projects to be completed.
 - Communities are developing and requiring policies on more efficient land use.

How Does Missouri Compare?

There are no national standards or databases that can be used for comparisons.

What is Effective in Increasing the Number of New and Renovated Facilities?

- ☐ Community Development Block Grant
- ☐ Historic Preservation Tax Credit Program
- ☐ Neighborhood Assistance Program

What are the issues?

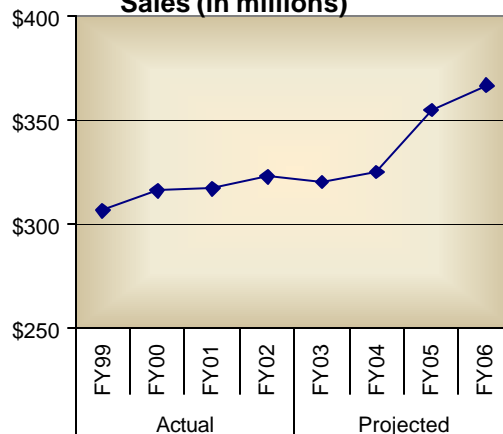
- ☐ Reductions in the state budget may result in the delay or reduction of new projects because of possible program funding restrictions, cap, or elimination.

References

No additional references cited.

Financial Resources

Objective 1e -- Increased Sales Tax Revenues from Tourism SIC/NAIC Sales (in millions)



What are Tax Revenues from Tourism SIC/NAIC Sales?

The Missouri Division of Tourism measures performance by sales tax revenue generated from businesses that fall within 17 tourism-related Standard Industry Classification (SIC) codes. The revenues are reported by Missouri Department of Revenue. North American Industrial Classification (NAIC) codes are a new method of classifying businesses. The NAIC codes will be used when implemented by the Department of Revenue.

What is the Importance of Tax Revenues from Tourism SIC/NAIC Sales?

The total impact of tourism on Missouri's economy can be identified by using the SIC/NAIC codes. Sales and resulting tax revenues generated from tourism promotion benefit the State General Revenue Fund by contributing to state services overall. Additionally, local communities are provided with

an industry for job creation and retention, which improves the area “quality of life” increasing community value. Increasing domestic and international visitor spending through tourism marketing is a method of fortifying the state economy in a positive manner that fuels the economy.

What are the Trends?

- ❑ Total state tax revenues (sales, income and other taxes) due to travel in Missouri increased 1.8% during FY02, to a record \$614 million. Taxable sales revenues from the 17 tourism related industries reached a record \$7.65 billion, up 2.0% from FY01.
- ❑ Direct domestic tourism and travel expenditures during FY02 are estimated to have totaled \$5.6 billion. This represents an increase in direct domestic expenditures of 0.4% over FY01.
- ❑ Total industrial output (the value of products produced by Missouri industries) due to travel in Missouri remained the same at \$12.8 billion.
- ❑ Employment in select tourism-related industries totaled 243,569, up 0.8% from FY01.
- ❑ Domestic person trips to Missouri (a trip of 50 miles or more or overnight) totaled 35.6 million during FY02. This represents an increase of 5.4% over the 33.8 million hosted in FY01.

How Does Missouri Compare?

Market assessment data from the Market Share Analysis for FY02 released by the University of Missouri – Tourism Research and Development Center compares Missouri nationally and regionally as follows.

National Market Share – Based on the 48 contiguous states and the District of Columbia

- ❑ Domestic Person Trips – Missouri’s national rank in terms of domestic person trips improved to 14 in FY02 from 15 in FY01. Its national market share rose from 3.5% during FY01 to 3.7% during FY02. *(Note: A domestic person trip is a trip of 50 miles or more, one-way, away from home or an overnight stay.)*

Regional Market Share – Based on Missouri and the eight contiguous states (MO, IL, KY, TN, AR, OK, KS, NE & IA)

- ❑ Expenditures – Missouri captured a larger percentage of regional domestic

expenditures during FY02 than during FY01, rising from 16.7% to 17.2% and maintaining its third place ranking. Second place Tennessee experienced a large increase in market share, climbing from 17.3% to 19.3%, while first place Illinois’ share fell from 27.8% to 25.4%.

- ❑ Domestic Person Trips – Missouri captured 20.5% of all domestic person trips to the region during FY02. This was well above the regional average (13.7%), and up from FY01 (19.4%). Missouri maintained its third place regional rank for person trips behind Illinois (24.6%) and Tennessee (21.7%).

What is Effective in Increasing the Tax Revenues from Tourism SIC/NAIC Sales?

Tourism promotion and public relations efforts are major contributors for generating tourism activity in the state. Cooperative Marketing and tourism industry partnerships also play a large part in increasing direct domestic tourism expenditures. Research-based marketing, which identifies market segments that have a higher propensity to travel in Missouri and targeting those groups for marketing purposes, optimizes promotional efforts.

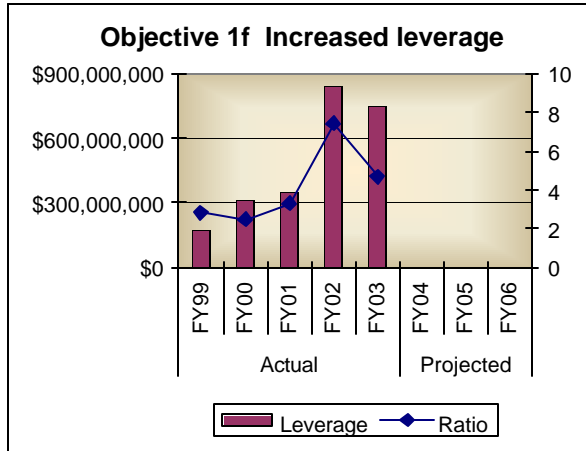
What are the issues?

- ❑ Travel patterns of domestic and international visitors
- ❑ Increased competition for smaller market
- ❑ Increased marketing and advertising costs
- ❑ Demand for Cooperative Marketing Program matching funds
- ❑ Tactics for increasing the economic benefit from tourism

References

- ❑ Economic Impact of Missouri’s Tourism and Travel Industry: July 2001 – July 2002, Prepared by Michael Kaylen, Ph.D.: MU-Tourism Economics Research Initiative, Final-February 10, 2003.
- ❑ Market Share Analysis of Missouri’s Tourism and Travel Industry: July 2001 – June 2002, Prepared by Michael Kaylen, Ph.D.: MU-Tourism Economics Research Initiative, Final-February 10, 2003.
- ❑ TIA TravelScope, Travel Industries Association of America

Leverage



*FY04-06 projections are not available

Note: This reflects only the leverage through community development programs. Additional leverage will be reported for housing programs and arts programs in the final plan.

What is Increased Amount of Leverage?

Leverage tracks the ratio, or level, of department investment into a project compared to all other sources of funding.

What is the Importance of Increased Amount of Leverage?

Through increased leverage, a more efficient use of department (state and federal) resources can be achieved. By increasing the leverage ratio, less department resources will be required to complete projects.

What are the Trends?

- For fiscal years 1999 through 2002, the leverage ratio for community development projects has increased from 1:2.83 to 1:7.44 or for every \$1.00 of funding for community development projects, \$7.44 of additional resources have been committed from other funding sources.

How Does Missouri Compare?

- With the exception of arts leverage, there are no national standards or data available.
- Nationally, leverage for state arts funding is 8:1. Missouri Arts Council leverage is 11:1, exceeding the national average.

What is Effective in Increasing the Amount of Leverage?

Factors not yet identified.

What are the issues?

- The combination of other sources of funding with department funds uses department funds more effectively.

References

No additional references cited.

Utilities

Objective #1g: Continuing electric price stability for utility customers – residential, commercial, and industrial

Average Missouri **Residential** Electric Revenues In Cents per Kilowatt Hour Compared to National Average

Year	Mo. Average and Rank among States	US Average
2001	\$0.0700 - #39	\$0.0862
2000	\$0.0704 - #37	\$0.0821
1999	\$0.0712 - #36	\$0.0816
1998	\$0.0708 - #34	\$0.0826
1997	\$0.0709 - #33	\$0.0843

Missouri Average **Residential** Revenues And ACCRA Utility Index Compared to Surrounding States

State	2001 Revenues (cents per kWh) and State Rank	Utility Index 4 th Q 2002
Arkansas	\$0.0772 - #29	93.9
Illinois	\$0.0871 - #16	105.8
Iowa	\$0.0841 - #19	95.9
Kansas	\$0.0766 - #31	100.9
Kentucky	\$0.0558 - #51	86.2
Missouri	\$0.0700 - #39	93.7
Nebraska	\$0.0650 - #44	85.6
Oklahoma	\$0.0727 - #37	94.3
Tennessee	\$0.0632 - #46	84.7

Average Missouri **Commercial** Electric
Revenues In Cents per Kilowatt Hour Compared to
National Average and Region

Year	Mo. Average and National Rank	US Average	Regional Ranking
2001	\$0.0589 - #40	\$0.0793	7 th of 9
2000	\$0.0583 - #40	\$0.0736	7 th of 9
1999	\$0.0597 - #38	\$0.0726	5 th of 9
1998	\$0.0599 - #37	\$0.0741	5 th of 9
1997	\$0.0600 - #37	\$0.0759	5 th of 9

Average Missouri **Industrial** Electric Revenues
In Cents per Kilowatt Hour Compared to
National Average and Region

Year	Mo. Average and National Rank	US Average	Regional Ranking
2001	\$0.0439 - #30	\$0.0504	4 th of 9
2000	\$0.0443 - #26	\$0.0457	3 rd of 9
1999	\$0.0438 - #25	\$0.0443	3 rd of 9
1998	\$0.0443 - #24	\$0.0448	3 rd of 9
1997	\$0.0446 - #21	\$0.0453	3 rd of 9

What are “average electric revenues” and the ACCRA Utility Index (residential)?

These measures compare Missouri to the nation and to surrounding states on the basis of residential, commercial, or industrial costs for electricity. The US Department of Energy collects data from all regulated and unregulated electricity suppliers and determines average annual revenues for each state and customer class.

In addition, the ACCRA collects residential consumer data from participating cities across the nation. The Utility Index provides a “snapshot” of what professional- or managerial-level households report spending on utility services in a specific three-month period.

What is the importance of “average electric revenues” and the ACCRA Utility Index (residential)?

The data gives customers and elected and appointed officials a broader perspective on Missouri’s electric utility rates. They can use the data to make decisions about living expenses, business expenses, or about the incentives to locate in one area or another, based on consumer costs.

What are the trends?

Historically, providing electricity has been a declining-cost industry. This is consistent with Missouri average revenue data but less so with US average data, which may reflect volatile market pricing in deregulated states such as California. Each state, however, has a different mix of public, private, regulated and unregulated electricity suppliers; has different relationships between regulators and suppliers; relies on different fuels to generate electricity; and has different political and economic environments. Drawing anything but very general conclusions demands more thorough research.

How does Missouri compare?

From 1997 – 2001, Missouri’s average electricity revenues have been lower than the national average and have ranked in the lower third of all state averages.

Within our nine-state region, average residential revenues in Kentucky, Nebraska and Tennessee consistently are lower than revenues in other states, while Illinois residential averages consistently are the highest. Nebraska is a “public power” state with little or no state regulation. Tennessee generates much of its electricity through the federal Tennessee Valley Administration’s hydroelectric facilities. Kentucky may enjoy lower rates because of its dependence on TVA power and coal-fired generation (a significant state mineral resource). The ACCRA Utility Index is fairly consistent with high- and low-end states but is not strictly correlated with average revenues in the other states. Average revenues are compiled from monthly time-series data, while the Index is a point-in-time report of consumer spending.

Within our nine-state region, Missouri’s commercial revenues are in a “mid-low” range compared to other states. Missouri’s industrial electricity revenues also are consistently lower than the national average, but they clustered in the mid-range of states until 2001. Within our region, Missouri’s industrial electricity revenues were third highest between 1997-2000 before declining to fourth highest in 2001.

As with residential revenues, commercial industrial averages in Nebraska and Kentucky are the lowest in the region while Illinois’ average revenues are the highest. Because of this consistency, one could conclude there is

something intrinsic in these states that affects utility ratemaking.

What is effective in maintaining stable electric prices for residential utility customers?

As state law requires, the Missouri Public Service Commission regulates electric utility rates through a forum that assures due process and participation for all affected parties. To assure continuing price stability, residential customers' interests must be effectively represented. The cost of "inputs" used by electricity suppliers must be stable. The Commission must have access to accurate and timely testimony and adequate discretion to determine the best balance between customer and company investor needs.

What are the issues?

Factors that could affect price stability include:

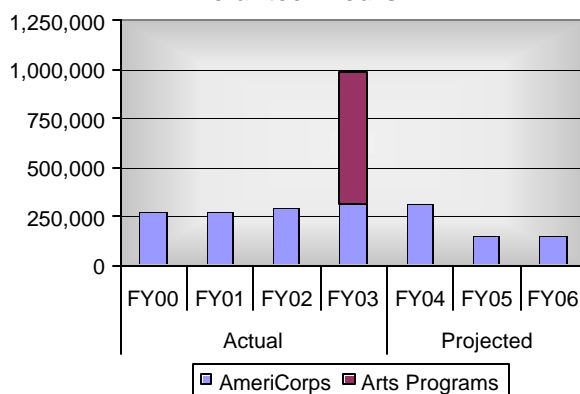
- ☐ Companies' costs for labor, materials, capital, taxes and regulation;
- ☐ Global or national pressures of conflict, economic activity, resource shortages;
- ☐ Changing federal policies and laws;
- ☐ Changing state laws affecting the Commission's processes, jurisdiction or its discretion to determine the public interest.

References

- ☐ Energy Information Administration, US Department of Energy
<http://www.eia.doe.gov/>
- ☐ "Commission Information Guide," Missouri PSC
[http://www.psc.state.mo.us/publications/Infor gu.pdf](http://www.psc.state.mo.us/publications/Infor%20gu.pdf)

Citizenship

Objective 1h Increased Number of Volunteer Hours



Note: Volunteer hours generated through arts programs funded by the Missouri Arts Council are being reported for the first time in FY03. FY04-06 Arts Council projections are not available

What are Volunteer Hours?

Volunteer hours are actual hours worked by volunteers to assist agencies or programs that have received Department assistance. The volunteer may receive some payment through certain programs, e.g., AmeriCorps.

What is the Importance of Volunteer Hours?

Through the use of volunteers, communities can realize a cost-effective means to meet their needs in such critical areas as education, public safety, health, and the environment. The ability to utilize volunteers is limited only by a community's effort to identify and organize around an area of need. For example, through the AmeriCorps Program, volunteers tutor and mentor youth, build affordable housing, teach computer skills, clean parks and streams, run after school programs, and help communities respond to disasters.

What are the Trends?

- ☐ Performance increased slightly from FY00 to FY03.

How Does Missouri Compare?

- ☐ Each year, the AmeriCorps program sponsors the "Make a Difference Day", dedicated to getting volunteers involved in community-based organizations and

projects. In 2003, Missouri registered 493 projects for “Make a Difference Day”, ranking 1st nationally.

What is Effective in Increasing the Number of Volunteer Hours Contributed to Communities?

- ❑ AmeriCorps Program
- ❑ Missouri Arts Council programs

What are the issues?

- ❑ Federal funding for the AmeriCorps Program has been reduced. The number of approved projects in the state and the number of people who participate have been negatively impacted by this funding reduction.

- ❑ The loss of the Missouri Community Betterment Program, through budget reductions, may significantly reduce the number/amount of volunteer hours dedicated to community/economic development support issues around the state. In the past, the Missouri Community Betterment program on average included 75-80 communities, completing an average of 5 projects per community, each involving the use of volunteers.

References

No additional reference cited.

Thriving Businesses

Average Number of Missouri Firms 1990-2002

Year	Average Number of Firms	Change in Firms from Previous Year	Total Statewide Payroll (In Billions)	Change in Payroll From Previous Year (In Billions)	Average Annual Wage	% Change from Previous Year in Annual Wage
2002	155,973	2,318	73.70	0.62	\$33,260	1.9%
2001	153,655	2,237	73.08	1.8	\$32,635	3.2%
2000	151,418	118	71.28	3.79	\$31,614	5.0%
1999	151,300	883	67.49	3.44	\$30,098	3.8%
1998	150,417	3,563	64.05	3.71	\$29,002	4.4%
1997	146,854	2,965	60.34	4.09	\$27,791	4.7%
1996	143,889	2,864	56.25	2.96	\$26,537	3.7%
1995	141,025	3,258	53.29	3.53	\$25,602	4.6%
1994	137,767	3,026	49.76	3.14	\$24,477	3.2%
1993	134,741	2,107	46.62	1.74	\$23,711	1.3%
1992	132,634	538	44.88	2.55	\$23,414	4.7%
1991	132,096	3,212	42.33	0.7	\$22,359	4.0%
1990	128,884		41.63		\$21,508	

Source: MERIC Covered Employment and Wage Program

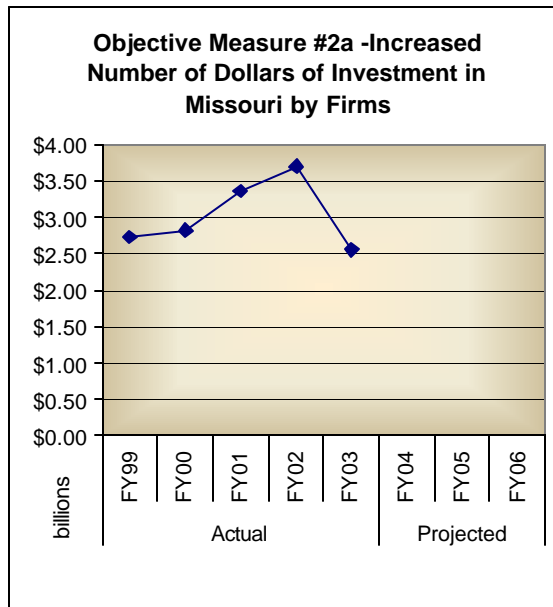
The Missouri Economic Research and Information Center recently completed its annual count of Missouri businesses for 2002. For the year, Missouri reported an average of 155,973 businesses, up by 2,318 from 2001. The number of private businesses in Missouri has been rapidly increasing since 2000, becoming more inline with growth rates experienced in the mid 1990s.

While payroll and the average annual wage have been steadily increasing in the state, 2002 wage growth was somewhat slower at 1.9%, reflecting a more general nationwide trend.

Key Strategies:

- ❑ Provide enhanced assistance to employers with their hiring and training needs through decreasing the cycle time to fill job orders and developing a single point of contact for employers
- ❑ Help Missouri businesses and companies reduce costs, locate markets and increase sales by
 - Developing domestic and international markets
 - Assisting in the development of markets that focus on clusters, target industries, and emerging areas of technology

- Identifying workable solutions and resources to resolve operational issues
- Developing and strengthening connections with newer technologies and resources, including venture capital, to grow the new knowledge-economy



*FY04-06 projections have not been completed. The department is changing the strategic focus to a regional teams service delivery model and a single unit addressing the needs of business. Projections made on historical performance are not possible with this new focus.

What is Investment in Missouri by firms?

This is a measure of the investment planned by those firms assisted by the Department that are locating a new start-up or expanding an existing facility in Missouri. The measure includes both the actual cash that is invested either by the owners or shareholders of the business or by an outside source as well as the acquisition of new capital assets or business facilities.

What is the Importance of Investment in Missouri by firms?

The investment a firm makes in itself and Missouri through a new or expanded facility, upgraded physical infrastructure, and/or purchase of equipment demonstrates the business' commitment to the state, actual or potential increase in product sales and frequently additional employment.

What are the Trends?

- ❑ The number of dollars of new investment into Missouri firms showed an upward trend from FY99 – FY02. Although investment continued to increase in FY01-02, there was a significant decrease in the number of manufacturers locating or expanding in Missouri. The maintained level of new investment represents an increase in both foreign investment and venture capital investment in technology and life science companies. The decline in FY03 may be attributed, in part, to the economy and continued reductions in resources.
- ❑ On the national level during 2002, venture capital investing continued in a downward trend, which began in the third quarter of 2000 according to the latest PricewaterhouseCoopers/Venture Economics/National Venture Capital Association Money Tree™. One bright spot was the fourth quarter of 2001 when it was reported that \$7.1 billion was invested finishing 2001 as the third strongest year for venture capital investing.
- ❑ Companies abroad are seeking collaboration in the U.S. market, primarily in the areas of life sciences, technology, and advanced manufacturing. The U.S. is still seen as the leader and best source of growth in these sectors.
- ❑ Companies are more likely to seek acquisitions and joint ventures and technology exchange rather than direct investment.

How Does Missouri Compare?

- ❑ In the third quarter of 2002, Missouri led the Midwest region in venture capital investments with just over \$80 million invested in 10 companies.
- ❑ Missouri consistently ranks in the top 20 of venture capital investments by states according to MoneyTree™. In 2000, Missouri broke the state's investment record with \$766 million invested in 51 deals. Missouri ranked 17th in the nation for 2001 with \$370 million invested in 23 deals. In 2002, Missouri fell to number 20 in the rankings, but had an impressive showing with \$169.5 million invested in 37 deals.

What is Effective in Increasing Investment in Missouri by firms?

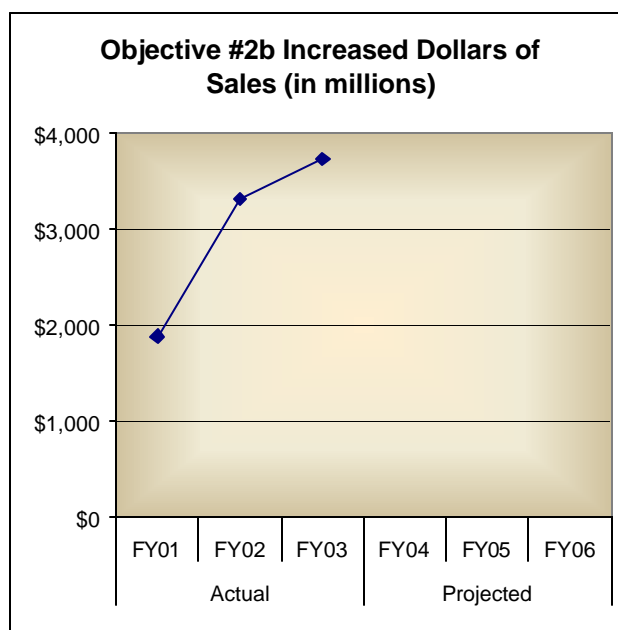
- ❑ The Missouri Customized Training Program provides assistance to Missouri employers for the training and retraining of new and existing employees. In FY01, there were 497 requests by companies for training assistance.
- ❑ Missouri has targeted Life Sciences, Advanced Manufacturing, and Information Technology as the industries that show the greatest potential for growth in jobs and investment for the state. As traditional manufacturing enterprises diminish, opportunities are occurring in the new emerging businesses connected to technology and innovation.

What are the issues?

- ❑ Missouri has an opportunity to market itself as a distribution hub. By doing this, Missouri will attract more labor-intensive jobs and open opportunities for competitive shipping to Mexico and Canada.
- ❑ There is no third party independent verification of the accuracy and reliability of the data. Investment is self-reported by firms or based on the value of incentives received.
- ❑ In comparison to other Midwestern states, Missouri has, in recent years, been able to keep pace; however, nationwide, the competition between states is growing and Missouri must develop and implement an aggressive, long-term strategy, focused on seed and venture capital programs, to ensure that we are successful in building a technology-based economy.

References

PricewaterhouseCoopers/Venture Economics/National Venture Capital Association
MoneyTree™



*FY04-06 projections have not been completed. The department is changing the strategic focus to a regional teams service delivery model and a single unit addressing the needs of business. Projections made on historical performance are not possible with this new focus.

What are Sales by Missouri Businesses?

This is a measure of the additional sales generated by a business through assistance from the Department. Sales data is self-reported by the Missouri business. The measure of “sales” is used as a substitute for “profit” because companies are unwilling to share actual profit numbers. Sales are anything that relates to the expansion of a company’s profitability – direct product sales, enhanced procurement (both domestic and international), sourcing and distribution, etc.

What is the Importance of Increasing the Sales of Missouri Businesses?

An increase in sales is expected to positively affect a company’s profits. Increased sales provide companies with the additional profits they need to support their business, expand markets, and hire employees, all of which will lead to an increased tax base for the state. This measure is related to the measures of investment and jobs. Without increased sales, companies will not make increased investment and jobs will not occur.

What are the Trends?

- ❑ International sales are up, but not as strong as in 1998-99.
 - The dollar has lost value
 - Companies have relocated overseas, but still purchase raw materials, technology, and R&D in the U.S.
- ❑ The international sales trend will continue. It will become more important to determine the U.S.'s global position and best industries to compete in the global market.

How Does Missouri Compare?

- ❑ Information will be provided in the final plan

What is Effective in Increasing the Sales of Missouri Businesses?

- ❑ Assistance to companies to enhance sales through identification of the best method(s) – market assessments, customized research, agent distributor search, trade expos, etc.
- ❑ Assistance in the development of markets that focus on clusters, target industries, and emerging areas of technology

What are the issues?

- ❑ Domestically, we are challenged by
 - depressed economy
 - companies are competing with imports as well as their traditional domestic competitors
- ❑ Increasing globalization, including increased outsourcing to other countries will increase the competition faced by U.S. and Missouri companies. For example, analysts are predicting by 2006 India will match the U.S. and Western Europe as an IT “superpower” as software development and offshore outsourcing continues to grow there. Also, in a recent study, McKinsey & Company predicted China would have the same level of skills and quality as India within the next two years with pricing of 15 to 20 percent less. Other countries that are increasing competition in the offshore outsourcing market are Russia and Vietnam. Current rates for software developers in India, Russia, and Vietnam are USD \$40, \$25, and \$10 respectively.

References

- ❑ The York Group's Global Technology Update – August 2003 – www.theyorkgroup.com

High Wage Jobs for Workers

High wage industries are defined as those industries with an average weekly wage (calculated from the ES-202) at or above the statewide average in 2001 and/or 2002. During 2001, the average weekly wage for the state was \$624; for 2002, it was \$637.

There were 150 industries (by 4-digit NAIC code) that met the criteria. These industries accounted for just more than half of all employment in 2001 and just less than half of all employment in 2002. These industries lost jobs at a faster rate than the average for all businesses. High-wage industries decreased in employment size by almost 4 percent, while all businesses in the state lost less than 1 percent of their jobs.

Thirty-seven of the industries actually grew over the time period, adding almost 20,000 jobs. Therefore, the industries that lost jobs lost over 71,000 jobs, for a net loss of about 51,000 jobs.

Two industries increased employment by over 500 workers and by over 15% of total employment. An additional three industries increased employment by over 15%. Another 7 industries increased employment by over 500 workers.

Industries with 500+ and 15+% Increase in Employment

NAIC	Industry	Gain	Percent Gain
4243	Apparel, Piece Goods, & Notions Merchant Wholesalers	583	33.16%
4811	Scheduled Air Transportation	1,642	15.84%

Industries with 15+% Increase in Employment

NAIC	Industry	Gain	Percent Gain
3369	Other Transportation Equipment Manufacturing	283	36.85%
4812	Nonscheduled Air Transportation	67	18.16%
3251	Basic Chemical Manufacturing	401	15.38%

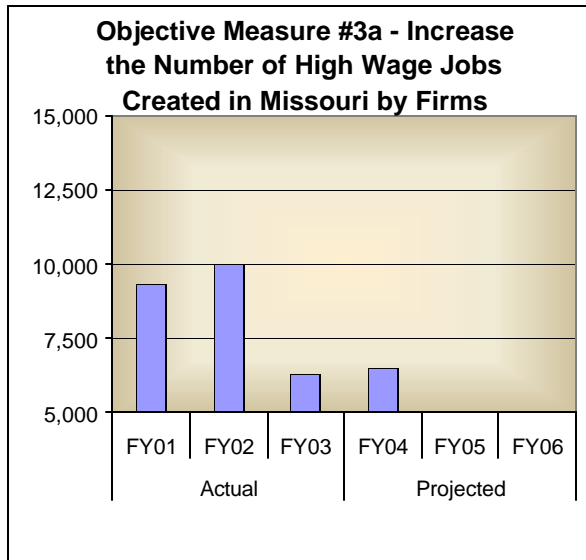
Industries with 500+ Increase in Employment

NAIC	Industry	Gain	Percent Gain
6221	General Medical & Surgical Hospitals	6,998	6.10%
5412	Accounting, Tax Preparation, Bookkeeping, & Payroll Service	1,012	4.99%
6113	Colleges, Universities & Professional Schools	996	1.93%
4231	Motor Vehicle & Motor Vehicle Parts & Supplies Merchant Wholesalers	678	7.01%
2383	Building Finishing Contractors	619	3.41%
4411	Automobile Dealers	599	2.30%
9281	National Security & International Affairs	535	6.77%

Key Strategies:

- ☐ Assist individuals in developing the skills needed to get and retain jobs
- ☐ Assist individuals in identifying job openings that match their skills and meet their wage requirements through an improved job-matching system and increased market share of businesses listing job openings with the workforce system
- ☐ Attract and retain businesses with high-wage jobs and high-skill workers through promoting Missouri and its thirteen economic regions.

High Wage Jobs



What are High Wage Jobs?

High wage jobs are defined as new jobs created with wages above the county average and full benefits. The Division of Workforce Development reports the number of high wage jobs submitted on Customized Training Program applications and reports the jobs during the quarter that funds are awarded. The number of high wage jobs reported by Business Services is compiled from information released by companies through press releases and announcements.

What is the Importance of High Wage Jobs?

Increasing the number of high wage jobs increases the opportunities for self-sustaining employment for Missourians.

What are the Trends?

Trend analysis will be completed when sufficient historical data has been collected. Decreased resources resulted in lower performance in FY03.

How does Missouri Compare?

There is no national data available to compare Missouri with other states for projects that were assisted/facilitated by direct state efforts.

What is Effective in Increasing the Number of High Wage Jobs?

- ❑ DED directs its marketing efforts to attract targeted industries and “traded cluster” firms, which do not include retail or low-tech service firms (“local cluster” firms).
- ❑ Discretionary incentives are used for quality projects of “traded cluster” companies.
- ❑ Working with partners, strategies for business recruitment and expansion marketing are being developed for each region.

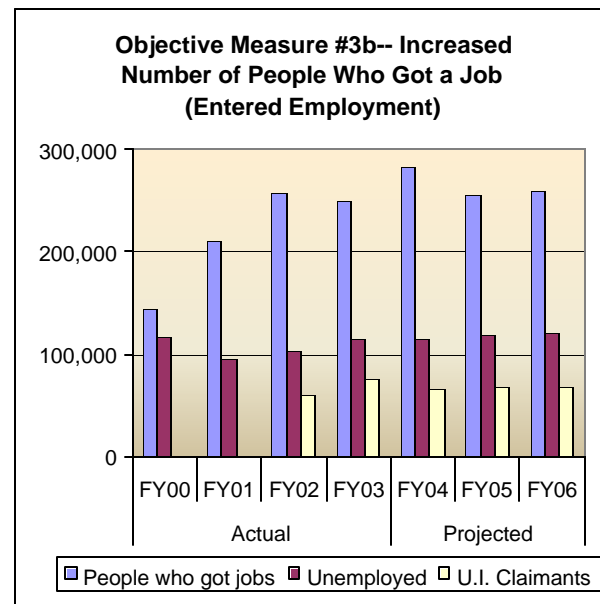
What are the Issues?

- ❑ The national economic slowdown continues.
- ❑ Marketing funds have been reduced, affecting recruitment opportunities.
- ❑ Incentives for competitive projects have been reduced, affecting the department's ability to compete with other states for larger projects.

References

No additional references cited.

Skilled Workforce



What is the Number of People Who Get a Job?

This is a measure of people that entered employment in the calendar quarter after receiving workforce services. It is reported as a raw number and percentage, and is measured

by comparing the Social Security Numbers of people receiving services to Unemployment Insurance wage records. It is lagged three quarters to allow for processing of the Unemployment Insurance data.

While “Got a Job” is a good holistic measure of the employment of workforce clients, additional analysis is done for six different subsets of clientele to assess how they fare after receiving services. The Unemployed to Employed measure looks at the employment after exit of those who were unemployed at the time of registration, while the Unemployment Insurance Claimants Employment measure counts employment of those who are receiving Unemployment Insurance benefits. Two other measures look at those who 1) Increased their Earnings from workforce services and those who rose 2) Above the Poverty Line.

Obtaining employment is a primary objective for workforce clients, but retaining that employment is a crucial step toward obtaining self-sufficiency. Therefore the measures of retention of clients at six- and twelve-months are crucial.

What is the Importance of People Getting Jobs?

Workforce development is one of the cornerstones of economic development. The economic impact of the workforce system is felt in many tangible ways, primarily in terms of earnings of workforce clients and savings from diversion from public assistance. In one study, the earnings of workforce clients contributed over \$900 million to Missouri’s economy annually, with an average \$12 return on investment for each dollar spent on workforce clients. Adult clients served under the Workforce Investment Act program earn about \$5,000 more annually than before they were served by the workforce system. The number of clients diverted from public assistance will be tracked as part of the new Temporary Assistance employment and training programs. A strong workforce fuels a strong economy for Missouri.

What are the trends?

- ❑ The number of people who got jobs through Department services has increased by 177% from FY00 to FY02.
- ❑ Of the total number of people who got jobs in FY02, U.I. Claimants represent 23%

- ❑ Although the number of unemployed people who got jobs has decreased by 11% from FY00 to FY02, the percentage of unemployed people who got jobs of the total number of people who got jobs through Department services has decreased 40% from 80% to 40% from FY00 to FY02.
- ❑ From FY00 to FY02, there was a 52% increase in those who increased their wages after receiving service from the workforce system, and a 40% increase in those who rose from below to above the poverty line.
- ❑ An increased emphasis has been placed on increasing market share. Since that time, the percentage of job seekers who were hired with assistance from the workforce system has increased from 23% to 39%.
- ❑ The percentage of people who got a job at increased wages and the percentage who moved from below to above the poverty line have remained relatively stable from FY00 to FY02.

How Does Missouri Compare?

Currently, there are no national standards available for all funding sources included in this measure, and it appears that Missouri is unique among states in analyzing workforce system measures in this way. Strategies are developed to encourage increased performance over prior years as compared to established targets.

What is Effective in Increasing the Number of People Who Get a Job?

Employers must be an integral part of any strategy to help individuals become employed. Therefore, the emphasis on an employer-focused strategy is imperative. The intent of this strategy will be to increase the number of businesses using Missouri’s workforce system services. Additional emphasis will be given to increasing the quality of services provided to Missouri businesses, improving consistency and quality of Missouri Career Centers, and increasing market share, particularly among high-tech, high skilled employees.

What are the Issues?

- ❑ Missouri is in the post-911 environment of downsizings and economic lethargy. Analysis of the trends in these measures after this milestone shows a downturn, followed by a strong upswing. Use of workforce services often increases in economic downturns. Thus, while the number of people who seek workforce

services increases, the outcomes obtained by the clients show a decrease in certain areas. For example, the earnings increase is a counter-cyclical circumstance with a higher portion of dislocated workers with higher prior wages and lower replacement wages.

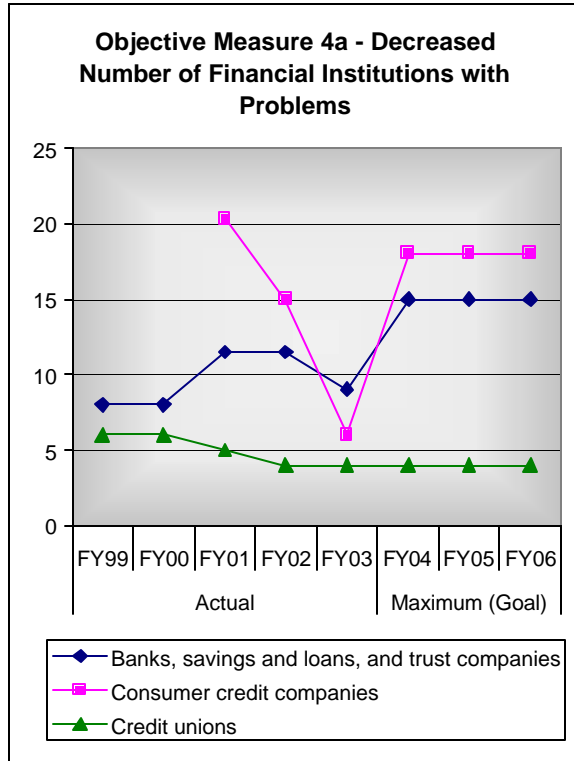
- ❑ In the next fiscal year, the Department will have the additional responsibility of providing employment and training services for Missouri's Temporary Assistance to Needy Families' recipients. This will require increased levels of case management and may increase the number of clients with multiple barriers to employment, causing a possible downturn in some employment measures, e.g., Earnings Increase and Above the Poverty Line measures.

References

Measuring Our Successes: A Report from the Division of Workforce Development, Nov. 2002

Workforce Investment Act Performance Report, 3rd Quarter Program Year 2002

Safe and Sound Financial Institutions



*Maximum (goal) for problem financial institutions is based on historical data, including consideration of slower economic conditions.

What are Financial Institutions with Problems?

Financial institutions with problems are those banks, savings and loans, and trust companies that have been rated as 3, 4 or 5 on a CAMELS scale. For credit unions, it is those that have been rated as 4, or 5 on a CAMEL scale. The CAMELS and CAMEL scales are industry standards and used nationally. Ratings are assigned by the Divisions of Credit Unions and Finance based on examinations.

What is the Importance of Decreased Number of Financial Institutions with Problems?

The number of financial institutions with problems provides a quick look at the overall health of the financial industry within the state of Missouri. Bank failures are rare when the number of problem institutions is low, as in recent years. Conversely, bank failures

experienced in the late 1980s and early 1990s were accompanied by an overall lower quality of institutions and, therefore, a much higher number of institutions with problems. A sustained upward trend in the number of such institutions is a leading indicator of bank and other financial institution failures.

What are the Trends?

- ❑ The number of problem banks, savings and loan associations, and trust companies declined through the end of FY03. This decline can be attributed, in part to falling interest rates that have resulted in record bank earnings performance nationally. Proactive monitoring techniques also are believed to assist in this reduction. The number of problem consumer credit companies has also fallen during the year, partially due to the minimal change in regulations over the same period. After a regulation change, there is a transition period during which financial institutions make changes to be in compliance with new regulations. The number of consumer credit companies has been reduced to six at the end of FY03.
- ❑ The average number of months banks have remained in problem status has been reduced dramatically from 35 to 13.6 since the end of FY96.
- ❑ Only one institution removed from problem status since the end of FY94 has subsequently deteriorated to problem status. Within 6 months, this institution had improved and was removed from the problem list.

How Does Missouri Compare?

- ❑ Missouri is 8th in the nation in the number of state-chartered credit unions (currently, 162) and 5th nationally in the number of state-chartered banks (currently, 297).
- ❑ Although comparative data (by states) is not readily available, the number of banks with problems is low by historical standards. Since 1934, there have been over 3,000 failures of banks whose deposits were insured by the U.S. Government. The majority of these failures occurred from 1985

through 1992 when nearly 2,500 banks failed (at least 180 failures in each of those eight years). Since 1992, except for 1993 and 1994, the number of failures has been fewer than 10 each year. There have been no failures in Missouri since 1994. The last Missouri state-chartered bank failure was in 1992.

- ❑ Missouri participates in the Texas Credit Union Department's Benchmarking Program. The following table shows Missouri's ranking in the percentage of "safe and sound" credit unions for FY03

Wisconsin	98%
<i>Missouri</i>	97%
North Carolina	97%
Texas	95.5%
Michigan	94.6%

What is Effective in Decreasing the Number of Financial Institutions with Problems?

- ❑ The use of proactive examination techniques for early identification of potential problems and close coordination with the financial institution to resolve concerns have been found to be the most effective strategies in reducing the number of financial institutions with problems.
- ❑ Consumer credit companies with problems have been greatly reduced as the result of aggressive corrective action, which was recently legislatively authorized. Consumer

credit companies rated 4 or 5 are generally placed under "cease & desist orders" (mandating precise corrective action) and are usually returned to satisfactory status within 90 days of examination.

What are the issues?

- ❑ Smaller credit unions (under \$20 million in assets) are being merged into larger ones, improving their ability to survive.
- ❑ If the Missouri Supreme Court reverses the pending appeals on cases where credit unions have been allowed to expand their field of membership to multiple counties, credit unions may change to federal charters because a federally chartered credit union may be given a broader field of membership.
- ❑ Maintaining an experienced and trained examination staff is critical to effective identification of risky banking practices and prompt resolution of problems.

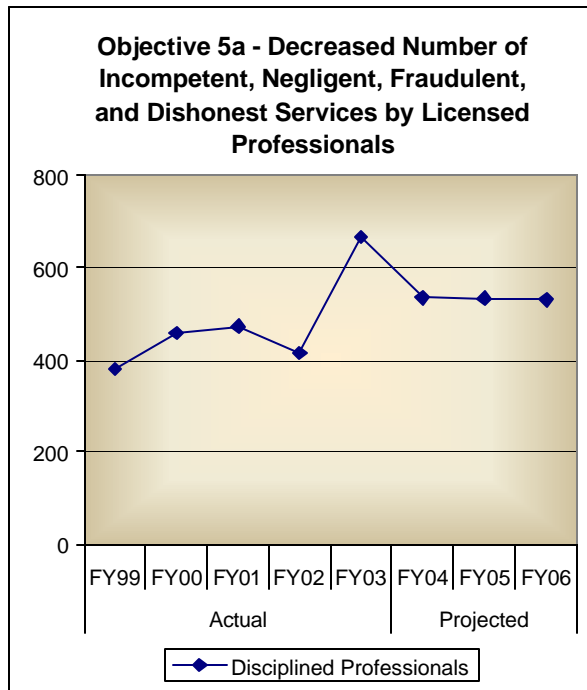
References

No additional references cited.

Key Strategies

- ❑ Early identification of problems in financial institutions through risk-based examinations and aggressive follow-up to assist the institution to return to a safe and sound status
- ❑ Propose legislation to reduce the regulatory burden for financial institutions

Competent and Honest Licensed Professionals



What are Incompetent, Negligent, Fraudulent, and Dishonest Services by Licensed Professionals?

This measure represents the number of licensed professionals who were determined to have practiced in an incompetent, negligent, fraudulent, or dishonest manner and against which some type of disciplinary action was taken. Disciplines are counted in the year in which applied.

What is the Importance of Decreasing Negligent, Fraudulent, and Dishonest Services by Licensed Professionals?

To protect the public.

What are the Trends?

An increase in the number of complaints received is anticipated due to the enhanced availability of information provided to the public through websites, newsletters and brochures.

How Does Missouri Compare?

There are no national standards. Although all states have a similar responsibility to ensure ethical and honest services by licensed professionals, the methodology differs from state to state, making comparisons difficult.

What is Effective in Decreasing the Number of Negligent, Fraudulent, and Dishonest Services by Licensed Professionals?

- ☐ Proactive examinations, inspections
- ☐ Education
- ☐ Speedy follow-up on complaints
- ☐ Disciplinary action

What are the issues?

- ☐ Reducing incompetent, negligent compound pharmacy errors
- ☐ Finding ways for an impaired practitioner to seek treatment without adversely affecting his/her ability to practice

References

No additional references cited.

Key Strategies

- ☐ To enhance and refine existing statutes and rules to assist in the implementation and enforcement of the licensing and regulation requirements
- ☐ To reduce the cost of compliance including the amount of paperwork for licensees, board members and the public by utilizing current technology
- ☐ To improve public protection by providing education training for licensees

Department Improvement Projects

Fiscal Year 2003 Improvement Projects

Department Reorganization

- ☐ Regional Teams
- ☐ Unified Financial Forms Management
- ☐ Unemployment Insurance Team

Since FY01, the Department has experienced a 43% reduction in general revenue funding and a 48% reduction in general revenue-funded employees. This reduction has somewhat delayed the progress of the department reorganization.

Effective July 1, 2003, the two separate groups serving business customers were combined into a single group, Business Services. This merger will more effectively allow the Department to serve its business customers and to support the regional team initiative.

Regional Teams

The first regional teams will begin operating in FY04. These regional teams combine the resources of the development groups into a comprehensive approach and delivery of services to specific regions of the state. Each team will identify and develop the assets unique to each region.

Unified Financial Forms Management

The Unified Financial Forms Management Team created a Single Transfer Form for use by all tax credit programs that authorize transfers and created 3 multi-program applications, combining 12 applications into 3.

Unemployment Insurance Team

The Unemployment Insurance Team created a work registration system that automatically completes a work registration for an individual filing an initial U.I. claim. The team also designed a matching process that automatically matches U.I. claimants with current job orders, eliminating the need for staff to perform this task. Finally, the team established a dedicated Auto-Match Unit that is comprised of four employees dedicated to matching job orders with U.I. claimants, making job referrals, and contacting employers to assist them with their labor force needs.

In its first month of operation, the Auto Match Unit made 734 referrals, made 622 call-ins, wrote 49 new job orders, and made 243 contacts with employers. The Auto Match Unit has not been in operation for a sufficient length of time to evaluate the effectiveness of this approach in decreasing the length of time for a U.I. Claimant to return to work.

Fiscal Year 2004 Improvement Projects

During FY04, the Department will focus efforts on implementing the regional team service delivery system. This includes forming the regional teams and further developing the regional track of the Department's website with region-specific information.

New projects will be

- ☐ Decrease the cost of utility regulation
- ☐ Improve the automated job matching function of Great Hires

Decrease the cost of utility regulation

The Public Service Commission's work is supported by fees paid by regulated utility companies based on their gross intrastate revenues and the Commission's cost of work associated with a specific utility sector. The fee is capped by state statute, is affected by cash fund balances from the previous fiscal year and is passed to utility customers in their rates. If a company saves money due to decreasing regulatory costs, utility consumers ultimately should benefit. The current FY04 assessment percentage to total utility intrastate operating revenue is .2161% compared to .2343% in FY99.

Starting July 2003, the Commission will document staff resources spent on specific cases to identify cost-saving strategies.

Improve the automated job matching function of Great Hires

Missouri WORKS is Missouri's current web-based labor exchange system that includes both resumes of job seekers and business' postings of job openings. Currently, the automated job-matching function is not optimal for meeting the needs of customers, with a high cycle time and frequent incorrect matches. The Division of

Workforce Development has chartered a team to work with MIS, an outside consultant, and the U.S. Department of Labor to create a new system: Great Hires. The new Great Hires system will have an enhanced and improved job matching function, with a simpler, more streamlined approach to registration for employers and job seekers; integration with the national system; and, a tracking component to evaluate the results of job matches in terms of increased use by employers, job seeker performance outcomes, and reduced cycle time.